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UNCLAS ANKARA 005187

SIPDIS

SENSITIVE

DEPT FOR EUR/SE AND EB
TREASURY FOR OASIA - MILLS AND LEICHTER

E.O. 12958: N/A

TAGS: [EFIN](#) [ETTC](#) [TU](#) [IZ](#)

SUBJECT: STATUS OF IRAQI ASSET ISSUE IN TURKEY

REF: A. A) SECSTATE 217437

[1](#)B. B) ANKARA 4489

[1](#)C. C) SECSTATE 186972

[1](#)D. D) ANKARA 1817

[1](#)1. (SBU) DEPUTY ECONCOUNS SPOKE AUGUST 14 WITH UZGUR ULUDUZ, WHO HAS TAKEN OVER THE IRAQI ASSETS ISSUE IN THE MFA'S BILATERAL ECONOMIC RELATIONS DEPARTMENT, TO FOLLOW UP ON THE ACTION REQUEST IN REF A. ULUDUZ EXPLAINED THAT FOLLOWING RECEIPT OF THE EMBASSY'S DIPLOMATIC NOTE (REF B) MFA HAD DISTRIBUTED IT TO ALL RELEVANT AGENCIES WITHIN THE GOT AND REQUESTED THESE AGENCIES SEEK ANY RECORDS OF ASSETS IN THE NAME OF THE INDIVIDUALS ON THE ATTACHED LIST.

[1](#)2. (SBU) ULUDUZ SAID THAT TO DATE NO OFFICIAL IRAQI ASSETS NOR ANY ASSETS FOR THE INDIVIDUALS HAVE BEEN FOUND. THE GOT HAS NOT RESPONDED OFFICIALLY TO THE U.S. REQUEST, HOWEVER, BECAUSE THE GOT HAS NOT YET DECIDED EXACTLY HOW THE RESPONSIBILITY FOR THIS ISSUE WILL BE SHARED BY THE RELEVANT GOVERNMENT AGENCIES. ULUDUZ EXPLAINED THAT THE MINISTRY OF FINANCE'S ANTI-MONEY LAUNDERING AGENCY (MASAK) WAS RESISTING TAKING RESPONSIBILITY FOR IRAQI ASSET SEIZURES, YET THE FOREIGN MINISTRY ALSO IS HESITATING TO TAKE THE LEAD ON AN ISSUE REQUIRING AUTHORITY TO SEIZE FINANCIAL ASSETS. ACCORDING TO ULUDUZ, A WEEK OR TWO AGO THE FINANCE MINISTRY WROTE THE FOREIGN MINISTRY TO SAY THEY WILL BE PROPOSING A NEW FRAMEWORK TO HANDLE THESE ISSUES. THE MFA AWAITS THE MINFIN PROPOSAL.

[1](#)3. (SBU) ALTHOUGH THE GOT HAS FOUND NO IRAQI ASSETS, ULUDUZ POINTED OUT THAT ANY SUCH ASSETS THAT THEY DO FIND ARE LIKELY TO BE SET OFF AGAINST GOT CLAIMS ON IRAQ UNDER GOVERNMENT-TO-GOVERNMENT AGREEMENTS PRIOR TO THE GOT TURNING THESE ASSETS OVER TO THE DFI. EMBOFF REITERATED REF A POINTS REGARDING THIS KIND OF OFFSETTING OF IRAQI ASSETS.

[1](#)4. (SBU) AS NOTED IN REF D, THE MFA TOLD EMBOFFS IN MARCH THAT THE USD 80,000 IN IRAQI ASSETS DECLARED IN JUNE, 1991 WAS "GONE," AND SPECULATED IT WOULD HAVE BEEN USED TO PAY TURKISH CLAIMS AGAINST IRAQ.
DEUTSCH